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RECORDATION NO. \_\_\_\_\_ Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

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SECURITY AGREEMENT AND ASSIGNMENT

DATED AS OF APRIL 1, 1974

Between

RADNOR ASSOCIATES, LTD.  
Debtor  
Valley Forge Executive Mall  
676 Swedesford Road  
Wayne, Pennsylvania

and

AMERICAN BANK AND TRUST CO. OF PA.  
Secured Party  
35 North Sixth Street  
Reading, Pennsylvania

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Filed and recorded with the Interstate Commerce Commission  
pursuant to Section 20c of the Interstate Commerce Act on  
, 1974, at Recordation No. \_\_\_\_\_.

## SECURITY AGREEMENT AND ASSIGNMENT

This Agreement is made as of the first day of April, 1974 by and between RADNOR ASSOCIATES, LTD., 676 Swedesford Road, Wayne, Pennsylvania, (hereinafter the "Debtor"), and AMERICAN BANK AND TRUST COMPANY OF PENNSYLVANIA, a general banking and trust company organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office at 35 North Sixth Street, Reading, Pennsylvania (hereinafter the "Secured Party", which term shall include successors and assigns) to induce Secured Party to lend Debtor the aggregate sum of Two Hundred Thirty-Eight Thousand Eight Hundred Dollars (\$238,800), prior to July 31, 1974 and to secure the repayment of such indebtedness as is evidenced by Debtor's nonrecourse Secured Note dated not later than July 31, 1974 (in form of Exhibit "A" hereto), bearing interest as provided therein (hereinafter "the Note"), and any renewal or extension thereof and also in order to secure:

(1) all costs and expenses incurred in the collection of the Note and enforcement of Secured Party's rights thereunder and hereunder; (2) all future advances made by Secured Party for taxes, levies, insurance and repairs to or maintenance of the collateral (as that term is hereinafter defined); (3) interest on (1) and (2); and (4) any renewal, extensions or any other obligations of Debtor to Secured Party whether mature or immature, direct or indirect, absolute or contingent.

### WARRANTIES AND REPRESENTATIONS

The Debtor makes the following representations and warranties to Secured Party: That

(i) The general business of Debtor is the arranging of equipment leases and acquisition of property for leasing to others;

(ii) Debtor is not now nor was, within the four (4) months prior to the date hereof, insolvent;

(iii) There are no claims or proceedings pending, or to the knowledge of Debtor threatened, against or affecting Debtor or to which any property or rights of Debtor are subject, in any court, or before any governmental authority which involve the possibility of materially and adversely affecting the business of Debtor to perform this Agreement. The Debtor is not in default with respect to any order of any court or governmental authority;

(iv) All tax returns required to be filed by Debtor in all jurisdictions have been filed, and no taxes, assessments, fees, liens or other governmental charges or claims upon or against Debtor or any of its properties or income have been imposed or made;

(v) Compliance by Debtor with all of the provisions hereof (1) is within the powers of Debtor; (2) is not and will not be in conflict with nor result in any breach in any of the provisions of, or constitute a default or result in the creation of any lien or encumbrance upon any property of Debtor under the provisions of any law, regulation, governmental order, agreement or other instrument to which Debtor is a party or by which it may be bound;

(vi) No event has occurred and no condition exists which after notice or lapse of time, or both, would constitute a default under this Agreement. Debtor is not in default under the provisions of any agreement or other instrument, law, or regulation or governmental order to which Debtor is a party or by which Debtor may be bound;

(vii) Neither the nature of Debtor, its business or property nor any relationship between Debtor and any other person, nor any circumstance in connection with the offer, issue, sale or delivery of the Note or the execution and delivery of this Agreement is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of Debtor.

#### SECURITY INTEREST AND ASSIGNMENT OF LEASE

Debtor hereby gives the Secured Party a security interest in the property described in the "Schedule of Equipment", attached hereto, made a part hereof marked Exhibit "B", together with all replacements, repairs, component parts, substitutions and additions thereto, and all accessions and attachments which may not be removed without impairing the value of that property (all of the foregoing referred to collectively hereinafter as the "Collateral") and hereby assigns to Secured Party all its rights under that certain Rehabilitation Agreement made as of April 1, 1974 between Debtor and the Lessee (as that term is hereinafter defined). Debtor has agreed to lease the Collateral to Andrew L. Lewis, Jr. and Joseph L. Castle, Trustees of the property of Reading Company (hereinafter "the Lessee") under an Agreement to Lease Railroad Equipment dated as of April 1, 1974 (hereinafter "the Lease"), a true and correct copy of which is attached hereto, made part hereof marked Exhibit "C". Debtor hereby assigns to and gives the Secured Party a security interest in the Lease and in and to all of Debtor's right, title and interest in all sums due or to become due under the Lease as further security for the sums due under the Note (such sums referred to hereinafter as the "Liabilities").

Debtor represents that the Collateral shall be paid for with the proceeds of the Notes and Debtor's funds, is subject to no liens or other interests (including tax liens), excepting the Lease, and is to be used in business and is not held as inventory of Debtor.

It is an express condition of this Agreement that if and when Debtor shall pay the Secured Party the sums due under the Notes as provided therein, then the security interests created and assignments effected by and pursuant to this Agreement shall be terminated.

## COVENANTS

Debtor covenants and agrees:

- (a) To forever defend the Collateral against any claim of any person of any interest therein;
- (b) That all replacements, repairs, substitutions, and component parts of or to the Collateral, and all attachments and accessions to the Collateral which may not be removed without impairing the value thereof are or shall become subject to the terms of this Security Agreement;
- (c) To comply with all requirements of law in order to grant and preserve a valid lien upon and security interest in the Collateral in favor of the Secured Party;
- (d) Not to use the Collateral in violation of any law;
- (e) Not to sell, or make any assignment or transfer of any interest in, or create a security interest in, mortgage or in any way encumber the Collateral; provided, that Debtor may permit Lessee to assign or transfer its interest in the Collateral to a third party as provided in the Lease;
- (f) To allow Secured Party and its representatives or its assigns, free access to and right of inspection of the Collateral at all times;

- (g) In the event of loss or damage to all or any part of the Collateral (short of the total destruction thereof) of which Debtor has knowledge, promptly to send written notice thereof to the Secured Party or its assigns, and to cause the same to be repaired or replaced in a manner satisfactory to Secured Party;
- (h) To give notice to the Secured Party immediately of any legal proceeding of which Debtor has knowledge wherein the Collateral is in any manner seized, or possessed or wherein seizure or possession may be threatened or attempted, and of the institution or any legal proceedings relative to the solvency of Debtor, and to defend against the same and to pay any reasonable expenses (including attorney's fees) of Secured Party resulting therefrom;
- (i) To perform and comply and to use its best efforts to cause Lessee to conform and comply with the terms of the Lease;
- (j) To notify Secured Party of any change in name or mailing address or place of business of Debtor in advance of such change;
- (k) To pay or cause Lessee to pay all taxes, assessments and charges levied on the Collateral or on account of the use, storage, maintenance or repair thereof or upon Debtor solely by reason of its ownership thereof and to keep at all times all and every part of the Collateral free and clear of all such taxes, assessments or charges which might in any way affect the title of Debtor to or the interest of Secured

Party in or result in a lien upon any of the Collateral, and annually or more frequently, upon request, Debtor shall promptly deliver to Secured Party receipts evidencing payment thereof (if any there shall be); provided, however, that if Lessee shall in good faith, and by proper legal action, contest any tax, claim lien, encumbrance or other charge, or the validity thereof, and shall have established on its books a reserve for the payment thereof in such amount as Debtor may require, then Lessee shall not be required to pay the same, or to produce such receipts, during the maintenance of said reserve and as long as such contest operates to prevent collection, and is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Lessee; and further provided that the nonpayment thereof will not, in the opinion of the Secured Party, materially adversely affect the Collateral or rights of the Secured Party hereunder; and still further provided that such tax assessment or charge shall be paid forthwith upon the commencement of proceedings to foreclosure any lien securing the same.

- (1) In the event any tax, assessment or charge shall have been charged or levied against the Secured Party directly, or in the event that Debtor fails to pay any tax, assessment or charge as aforesaid, and the same is paid by the Secured Party, to reimburse the Secured Party therefor on demand. Any premiums, taxes, assessments and charges so paid by the Secured Party shall be a part of the Liabilities and shall be payable on demand, with interest at nine and one-half per cent (9½%) per annum

- (m) To indemnify, protect and hold harmless the Secured Party from and against any and all liability, claims, demands, costs, charges and expenses, including but not limited to reasonable counsel fees, in any manner imposed upon or accruing against Secured Party because of the Secured Party's interest in the Collateral. The foregoing covenants of indemnity shall continue throughout the term of the Lease.
- (n) To cause Lessee to pay, or upon Lessee's failure to do so, to pay itself all costs of filing any financing, continuation or termination statements with respect to the security interest created by this Security Agreement.
- (o) The Secured Party is hereby irrevocably appointed Debtor's attorney-in-fact (which appointment is coupled with an interest) to do, at Secured Party's option and at Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfected the security interest created by this Security Agreement and to protect the Collateral, including but not limited to the execution of financing statements.

Debtor further covenants and agrees that, in case a Default shall occur in the payment of Liabilities or any part thereof or a default or breach shall occur with respect to any of the terms of this Security Agreement, or the Note, or Debtor shall breach any warranty or agreement herein provided, or the institution of any proceeding in bankruptcy or receivership or insolvency by or against Debtor, or of any proceeding against the Collateral, or in case the Lease between Debtor and Lessee is wholly terminated for any reason whatsoever, or is in default and Debtor fails to pay the Liabilities as they become due pursuant



to the provisions of the Note, the Secured Party may, at its option, declare all of the Liabilities to be immediately due and payable, together with all accrued interest thereon. The Debtor hereby authorizes and empowers Secured Party, with the aid and assistance of any person, to enter upon any premises of Lessee where the Collateral may be located or such other place as the Collateral may be located, without process of law, and to procure and retain the Collateral for its account or at any time or times to dispose of the same, at public or private sale upon such notice as is required by law, and from any proceeds received by Secured Party in connection with or incidental to the repossession, any attempted repossession, holding, storage, preparation for sale, and the sale, including Secured Party's legal expenses, and then to pay said Liabilities in such order and amount as Secured Party shall determine. Any remaining surplus shall be paid to Debtor.

Debtor waives a trial by jury and the right to interpose any counterclaim or offset of any nature or description in any litigation between Debtor and Secured Party with respect to this Security Agreement, any claim arising out of, relating to or connected with the loan and the Note secured hereby, the Collateral or taking of possession thereof by Secured Party.

Secured Party shall not by any act, delay or omission or otherwise be deemed to have waived any right or remedy on any future occasion.

Debtor hereby authorizes and empowers any attorney or

attorneys or the prothonotary or clerk of any court in the Commonwealth of Pennsylvania, to appear for Debtor, in any such court in an appropriate action there or elsewhere brought or to be brought against Debtor at the suit of Secured Party, as of term or time there to be held, and therein to confess or enter judgment against, Debtor for all sums due by Debtor to Secured Party hereunder, with costs of suit; and for so doing, this Security Agreement or a copy hereof verified by Affidavit shall be a sufficient warrant.

The Collateral is and shall remain personalty during the term of this Security Agreement.

This Security Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

All notices shall be deemed to have been given when sent by certified or registered mail to the last known address of the person to whom notice is being given.

Interest under this Security Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

This is the entire Security Agreement between Debtor and Secured Party and may not be changed, modified or discharged in whole or in part and no right or remedy of the Secured Party hereunder or under the Note may be waived except by written agreement signed by the Secured Party.

Debtor acknowledges receipt of an executed copy of this Security Agreement.

It is the intention of the parties that the provisions of the Note and this Security Agreement shall be in conformity

with the laws of any state, territory or governmental authority wherein or before whom it may be sought to be enforced and, if it should appear that any of the provisions thereof are in conflict with any statute or rule of law of any such state, territory or governmental authority, then such provisions shall be deemed inoperative and null and void to the extent that they may conflict therewith and shall be deemed modified to conform with such statute or rule of law.

Secured Party agrees for itself and its successors and assigns that so long as the Lessee shall not be in default under the Lease, Secured Party will not attempt to take possession of the Collateral or otherwise exercise any of its rights hereunder to the Collateral, and Lessee shall have quiet enjoyment of the Collateral during the term of the Lease without interference by the Secured Party or its successors and assigns. The foregoing to the contrary notwithstanding, so long as possession by the Lessee is not disturbed, in the event of default by Debtor, Secured Party at its option, may take title to the Collateral, and Debtor agrees to execute any document necessary to cause title to pass or to evidence the same.

If the services of any attorney be employed for the enforcement of any of the obligations of the Debtor, or of the rights of the Secured Party, either by suit or otherwise, Debtor agrees to pay reasonable attorney's fees, and suit may be instituted by Secured Party or its successors and assigns, in any county, city or township of the Commonwealth of Pennsyl-

vania, and Debtor, or anyone claiming under Debtor, hereby waives the right to move for a change of the place of trial, and agrees that such suit may be tried in the county, city or township where instituted.

This Security Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

Intending to be legally bound hereby, the parties hereto have executed this Loan and Security Agreement as of the date and year first above written.

RADNOR ASSOCIATES, LTD.

ATTEST:


  
Title

(Corporate Seal)


By   
President  
Title

AMERICAN BANK & TRUST CO. OF PA.

ATTEST:

  
Title

(Corporate Seal)

By   
Ass't Vice Pres. Title

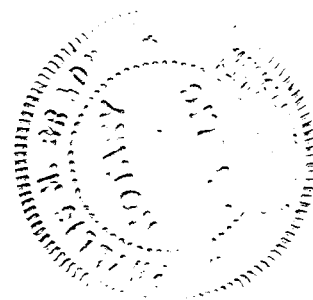
COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF Delaware : <sup>SS</sup>

On this 26 day of June, 1974, before me personally appeared Louis A. Zehner, Jr., to me personally known, who, being by me duly sworn, says that he is President of RADNOR ASSOCIATES, LTD., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Phyllis M. Brady  
Notary Public

(Notarial)

PHYLLIS M. BRADY, Notary Public  
Radnor Township, Delaware Co., Pa.  
My Commission Expires April 2, 1977

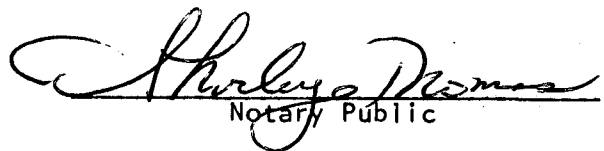


COMMONWEALTH OF PENNSYLVANIA :

COUNTY OF *Berks* :

SS

On this 27<sup>th</sup> day of June, 1974, before me personally appeared Nelson R. Oswald, to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of AMERICAN BANK AND TRUST CO. OF PA., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

SHIRLEY A. THOMAS, Notary Public  
My Commission Expires August 30, 1976

(Notarial)

EXHIBIT "A" TO THAT CERTAIN SECURITY AGREEMENT AND ASSIGNMENT  
MADE AS OF APRIL 1, 1974 BY AND BETWEEN RADNOR ASSOCIATES, LTD.  
AND AMERICAN BANK AND TRUST CO. OF PA.

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RADNOR ASSOCIATES, LTD.  
NON-RECOURSE SECURED NOTE

\$238,800

, 1974

FOR VALUE RECEIVED, RADNOR ASSOCIATES, LTD. (hereinafter "Radnor") promises to pay to the order of American Bank and Trust Co. of Pa. and its assigns (hereinafter the "Holder") on or before March 31, 1979, as herein provided, the principal sum of Two Hundred Thirty-Eight Thousand Eight Hundred Dollars (\$238,800) in nineteen (19) consecutive quarterly installments (as given in Schedule I attached hereto), in arrears, together with interest from the date hereof until maturity on the principal balance from time to time remaining unpaid hereon at the rate of American Bank's "National Prime" rate of interest plus 1%, with a minimum of 9.75% per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months), commencing with September 30, 1974 and continuing to and including March 31, 1979, together with interest on any overdue principal and interest at the rate of nine and one-half percent (9½%) per annum. Each quarterly installment shall be applied first to interest accrued on the unpaid principal hereof to the date of payment and the balance of such installment, if any, shall be applied to the unpaid principal balance hereof.

In the event an item of Equipment referred to in that certain Lease Agreement which is Exhibit "C" to the Security Agreement

(hereinafter "the Lease") suffers a casualty and is not replaced by the Lessee identified therein, this Note may be prepaid in the amount of the Stipulated Loss Value thereof (as that sum may be determined by reference to Exhibit "B" to the Lease) without penalty.

All payments of principal and interest hereunder shall be made at the principal office of American Bank and Trust Co. of Pa., 35 North Sixth Street, Reading, Pennsylvania, or at such other place as the Holder hereof shall designate to Radnor, in immediately available funds.

This Note is the Note referred to in that certain Security Agreement and Assignment dated as of April 1, 1974 (hereinafter the "Security Agreement") entered into between Radnor and American Bank and Trust Co. of Pa.

This Note and the Holder hereof, and Radnor, are entitled to all of the benefits and security provided for by or referred to in the Security Agreement to which instrument reference is hereby made for a statement thereof, including a description of the rights of the Holder of this Note and Radnor in respect thereof.

This Note may be declared due prior to its expressed maturity date in accordance with and on the terms and in the manner provided for in the Security Agreement. The terms and provisions



of the Security Agreement, the rights and obligations of Radnor and rights of the Holder may be changed and modified only to the extent permitted by and as provided in the Security Agreement.

On and subject to the conditions contained in the Security Agreement, this Note is transferable by the Holder and is exchangeable for Notes of other denominations.

No failure on the part of the Holder in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder. No modification or waiver of any provision of this Note, nor any departure by Radnor therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. Whenever any payment to be made under this Note shall be due on a Saturday, Sunday or public holiday under the laws of the Commonwealth of Pennsylvania, such payment shall be deemed to be payable on the next following business day, and such extension of time shall in such case not be included in computing interest, if any, in connection with such payment. Radnor agrees to pay costs and expenses reasonably incurred in connection with the enforcement of this Note. This Note shall be deemed to have been made under and shall be governed by the laws of the Commonwealth of Pennsylvania in all respects, including matters of construction,

validity and performance.

The remedies of the Holder as provided herein and in the Security Agreement shall be cumulative and concurrent and may be pursued singly, successively, or together against Radnor and/or the Collateral (as that term is defined in the Security Agreement) at the sole discretion of the Holder and shall not be exhausted by any exercise thereof but may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

Radnor hereby waives and releases all errors, defects, and imperfections in any proceedings instituted by the Holder under the terms of this Note, or under the Security Agreement, as well as all benefit that might accrue to Radnor by virtue of any present or future laws exempting the Collateral from attachment, levy, or sale under execution, or providing for any stay of execution, exemption from civil process or extension of time for payment.

Radnor shall pay the cost of any revenue, tax or other stamps now or hereafter required by law at any time to be affixed to this Note; and if any taxes be imposed with respect hereto, Radnor agrees to pay to the Holder upon demand the amount of such taxes, and hereby waives any contrary provisions of any rules or laws of court now or hereafter in effect.

Anything in this Note, the Security Agreement, that

certain Lease Agreement made as of April 1, 1974 (the "Lease") among Radnor and Andrew L. Lewis, Jr., and Joseph L. Castle, Trustees of the property of Reading Company (the "Lessee"), any certificate, opinion, or document of any nature whatsoever to the contrary notwithstanding, neither the Holder nor its successor or assigns shall have any claim, remedy or right to proceed (in law or in equity) against Radnor, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever (except in the case of a fraudulent statement or representation) from any source other than the Collateral and the sums due and to become due under the Lease; and the Holder by its acceptance of this Note waives and releases Radnor of any personal liability for and on account of such indebtedness and agrees to look solely to the Collateral and the sums due and to become due under the Lease for the payment of said indebtedness and the satisfaction of all such liability; provided, however, that nothing herein contained shall limit, restrict or impair the right of the Holder to accelerate the maturity of this Note upon a default hereunder, to bring suit and obtain a judgment against Radnor (which judgment, however, shall not be executed on with respect to any assets of Radnor except the Collateral) on this Note or to foreclose the lien of the Security Agreement or otherwise realize upon the Collateral and the sums due and to become due under the Lease, including the right to proceed against the Lessee under the Lease, all as provided in the Security Agreement.

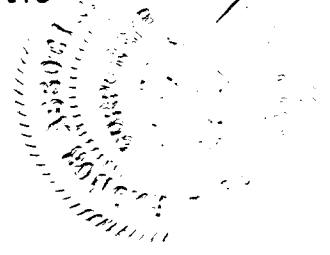
By accepting this Note, Holder agrees for itself and its successors and assigns that so long as the Lessee shall not be in default under the Lease, Holder will not attempt to take possession of the Collateral or otherwise exercise any of its rights in and to the Collateral, and Lessee shall have quiet enjoyment of the Collateral during the term of the Lease without interference by the Holder or its successors and assigns. The foregoing to the contrary notwithstanding, so long as possession by the Lessee is not disturbed, in the event of default by Debtor, Holder at its option, may take title to the Collateral, and Debtor agrees to execute any Document necessary to cause title to pass or to evidence the same.

RADNOR ASSOCIATES, LTD.

By *Leis P. Zelt* President  
Title

Attest:  
*Louise G. Barnes* Asst Secy  
Title

(Corporate Seal)



SCHEDULE OF PRINCIPAL REPAYMENT

<u>Quarter Ending</u>	<u>Principal Outstanding</u>	<u>Principal Payment</u>
Sep 1974	\$238,800	\$ 9,796
Dec 1974	229,004	10,060
Mar 1975	218,944	10,330
Jun 1975	208,614	10,607
Sep 1975	198,007	10,893
Dec 1975	187,114	11,185
Mar 1976	175,929	11,486
Jun 1976	164,443	11,795
Sep 1976	152,648	12,112
Dec 1976	140,536	12,437
Mar 1977	128,099	12,771
Jun 1977	115,328	13,115
Sep 1977	102,213	13,467
Dec 1977	88,746	13,829
Mar 1978	74,917	14,201
Jun 1978	60,716	14,582
Sep 1978	46,134	14,974
Dec 1978	31,160	15,377
Mar 1979	15,783	15,783

Principal Outstanding is the loan amount outstanding as of the Quarter Ending prior to deduction of the currently due Principal Payment

SCHEDULE OF EQUIPMENT

Fifty (50) used 40-foot 50-ton box cars rehabilitated under that certain Rehabilitation Agreement dated April 1, 1974. The rehabilitated cars will be numbered 118200 to 118249, both inclusive.

The original cars were selected from class XMB box cars series 108000 to 108499 and were numbered as follows:

108003	108195	108345
108017	108196	108358
108022	108201	108378
108024	108205	108383
108040	108208	108387
108062	108222	108408
108074	108250	108435
108086	108252	108438
108091	108265	108439
108095	108266	108443
108100	108272	108445
108105	108278	108459
108138	108291	108462
108150	108297	108467
108169	108303	108473
108187	108317	108484
108189	108324	

Exhibit C

AGREEMENT TO LEASE RAILROAD EQUIPMENT

Dated as of April 1, 1974

From Radnor Associates, Ltd.

to

Andrew L. Lewis, Jr. and Joseph L. Castle,  
Trustees of the property of Reading Company, Debtor  
covering 50 40-foot, 6-inch box cars

The Agreement to Lease Railroad Equipment was filed  
and recorded with the Interstate Commerce Commission  
contemporaneously with the within Security Agreement  
and Assignment.